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26 May 1959

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# CENTRAL INTELLIGENCE BULLETIN



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## CENTRAL INTELLIGENCE BULLETIN

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### DAILY BRIEF

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#### II. ASIA-AFRICA

OK Iraq: Qasim's press conference of 23 May contained a stronger warning to the Iraqi Communists and associated elements whose leaders intend to continue their party activities. He declared that obstruction by any group of his plan to suspend political activities would be viewed as action against "the safety of the republic, even though unintentional." [redacted]

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OK Laos: [The Laotian Army staff reportedly is pessimistic about the value of further negotiations with the commander of the escaped Pathet Lao battalion but is still willing to integrate these troops. The local army commander has been instructed to contain this unit--elements of which exchanged fire with Laotian troops on 23 May--and ultimately to attack it if it does not return to its camp on the Plaine des Jarres.] [redacted]

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The 25 May letter of Chinese Communist Foreign Minister Chen Yi to the Geneva Accords cochairmen--Britain and the USSR--called on them to reconvene the International Control Commission (ICC) in Laos "immediately." [redacted]

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### III. THE WEST

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*ok* West Germany - USSR: Recent efforts to achieve an understanding among NATO governments against long-term government-guaranteed credits to the USSR are threatened by contracts concluded by a government-owned West German shipyard. Credits extending for at least five years have been arranged to finance the construction of three merchant vessels costing ten million dollars, and negotiations are continuing for shipbuilding contracts involving at least an additional thirty million dollars. Bonn defends the projects as necessary to meet competition from other Western European countries and alleviate serious unemployment in the shipyards. The British have reaffirmed their willingness to give guaranteed credits of just under five years in their effort to expand Anglo-Soviet trade.

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DAILY BRIEF

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II. ASIA-AFRICA

### Qasim Warns Iraqi Communist Party

Iraqi Communist leaders insist that party activity should continue, although they have announced the abandonment of their "educational" campaign for appointment to the cabinet of acknowledged Communist party representatives and have dropped their demand that political parties be given official sanction immediately.

In a press conference on 23 May, Prime Minister Qasim warned that "unintentional" obstruction by any group of his plan to suspend partisan political activities would be considered "unintentional action against the safety of the republic." The official Communist newspaper omitted this passage in reporting Qasim's statements, and the following day it published a long editorial stressing the need for "sincere party activities" to "assure the success of the republic."

Elements of the Communist-penetrated left wing of the socialist National Democratic party have denounced the decision of the party's leadership to suspend party activity and have declared, "We will persist in our party work."

There are signs that the Communists' open dispute with Qasim has cost them a measure of their control over Baghdad's press and radio. Three Baghdad newspapers which usually echo the Communist line have veered away on the question of legal sanction for political parties. Director General of Guidance Ayyub has gently criticized the press and radio for unfounded charges against some Iraqi officials. On 24 May, Radio Baghdad broadcast the text of a Canadian journalist's interview with Qasim on 20 May, in which Qasim was more friendly toward the West than previously and indicated that the Iraqi people should no longer have reason to hate the Western allies of the old regime. [REDACTED]

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Pathet Lao Battalion Commander Breaks Off  
Surrender Negotiations

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[The commander of the escaped Pathet Lao battalion broke off his negotiations with Laotian Army representatives in the field following an exchange of fire between advance elements on 23 May. The Laotian Army staff, reportedly pessimistic about the value of any future negotiations with the Pathet battalion, nevertheless is still willing to integrate these troops if they return to their camp on the Plaine des Jarres. Laotian Army strategy is to contain these troops and to seal off all trails leading to the North Vietnamese frontier. The army is prepared ultimately to attack the Pathet unit but apparently would prefer to effect its surrender through psychological-warfare methods.]

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[The 25 May letter from Chinese Communist Foreign Minister Chen Yi to Geneva Accords cochairmen Britain and the USSR, which called on them to reconvene the International Control Commission (ICC) in Laos "immediately," is designed to maintain the momentum of the Communist campaign]

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[Lao military officials have received reports from Laotian irregular forces that an estimated 50 Communist Vietnamese soldiers wearing Laotian Army uniforms had crossed into Laos, but this is unconfirmed.]

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# West German - Soviet Negotiations For Ship Construction

Contracts concluded by the West German government-owned Howaldt shipyard threaten to undercut a proposed ban against the participation of NATO governments in long-term credits for the USSR. Credit extending for more than five years has been arranged to finance the construction of three fruit carriers, costing ten million dollars, and negotiations are continuing for contracts involving at least thirty million dollars for the construction of five or six floating fish canneries. Half the payment is to be made on delivery, with the balance to be paid in five annual installments. The time from the beginning of construction to final payment will exceed the five-year limit being sought among NATO countries for medium-term credits.

Bonn officials argue that their position in NATO opposing such credits is not affected because the deal is guaranteed by a state government rather than by the Federal Republic and is a "one-time exception" which does not vitiate Bonn's general policy. Bonn officials maintain the projects are necessary to alleviate serious unemployment in the shipbuilding industry. They feel that if West Germany refuses the contracts, other Western nations are sure to fill them. Previous negotiations by a Hamburg shipyard for the construction of passenger ships for the USSR failed because of Soviet insistence on long-term financing. Bonn claims the contracts were later awarded to Dutch shipbuilders. West German approval of the contracts appears likely, and arrangements are pending for an additional 19 ships.

These developments coincide with the conclusion of an extensive British-Soviet trade agreement calling for a substantial increase in trade during the next five years. Increased British exports will, at least in part, be financed through government-guaranteed "intermediate" credits--for less than five years--which the British have made available in an attempt to obtain a substantial share of the Soviet program of purchasing chemical plants.

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